

### Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name ANTRIM COUNTY TRANSPORTATION	County ANTRIM
Fiscal Year End 12/31/06	Opinion Date 06/04/07	Date Audit Report Submitted to State 06/26/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


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✓

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1960) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	NO LETTER ISSUED	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) THOMAS R ZICK CPA, P.C.		Telephone Number 989-786-4032	
Street Address P.O. BOX 149		City LEWISTON	State MI
Authorizing CPA Signature 		Zip 49756	License Number 1101007478
Printed Name THOMAS R. ZICK			

ANTRIM COUNTY TRANSPORTATION  
BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2006

# ANTRIM COUNTY TRANSPORTATION

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets	2
Statement of Revenues, Expenses and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9
<b>Supplementary Information</b>	
Schedule 1 - Operating Revenues	10
Schedule 2 - Operating Expenses	11
Schedule 3 - Non-Operating Revenues	12
Schedule 4 - Local Operating Revenues	13
Schedule 5 - Capital Contracts	14
Schedule 6 - Expenses by Contract and General Operations	15
Schedule 7 - Net Eligible Costs Computations of General Operations	16
Schedule 8 - Detail of Ineligible Expenses	17
Auditor's Disclaimer Regarding Schedules 9 and 10	18
Schedules 9 and 10 - Mileage Data, Vehicle Hours and Passengers	19



**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE: (989) 786-4032  
FAX: (989) 786-4032

## INDEPENDENT AUDITOR'S REPORT

June 4, 2007

Board of Commissioners  
Antrim County  
Bellaire, Michigan 49615

I have audited the accompanying financial statements of Antrim County Transportation, an enterprise fund of the County of Antrim, Michigan, as of and for the year ended December 31, 2006 as listed in the table of contents. These statements are the responsibility of the Transportation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note A, the financial statements present only the Antrim County Transportation Fund and do not purport to, and do not, present fairly the financial position of Antrim County as of December 31, 2006, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antrim County Transportation an enterprise fund of Antrim County, Michigan, as of December 31, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Antrim County Transportation. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in my opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole.

The Antrim County Transportation Fund has not presented the Management's Discussion and Analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

THOMAS R. ZICK CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

ANTRIM COUNTY TRANSPORTATION  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

ASSETS

CURRENT ASSETS

Cash and investments	\$ 141,112
Accounts receivable	26,525
Due from governmental units	6,002
Inventories	19,081
Prepaid expenses	<u>6,450</u>
Total Current Assets	<u>199,170</u>

FIXED ASSETS

Property and equipment, less accumulated depreciation	<u>384,340</u>
Total Assets	<u>\$ 583,510</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 46,352
Accrued sick pay/wages	<u>11,304</u>
Total Current Liabilities	<u>57,656</u>

NET ASSETS

Invested in capital assets net of related debt	384,340
Unrestricted	<u>141,514</u>
Total Net Assets	<u>\$ 525,854</u>

See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2006

Operating Revenues: Schedule 1	\$ 335,084
Operating Expenses: Schedule 2	<u>952,269</u>
Operating Income ( Loss)	(617,185)
Nonoperating Revenues: Schedule 3	<u>566,560</u>
Increase (decrease) in net assets	(50,625)
Net Assets - January 1	<u>576,479</u>
Net Assets - December 31	<u>\$ 525,854</u>

See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2006

Cash Flows From Operating Activities:	
Cash received from customers	\$ 339,869
Cash payments for goods and services	(292,440)
Cash payments to employees for services/fringe benefits	<u>(520,005)</u>
Net Cash Provided (Used) by Operating Activities	<u>(472,576)</u>
Cash Flows From Non Capital Financing Activities:	
Operating grants received	370,609
Operating transfers in - General Fund	96,000
Expense reimbursement grants	<u>851</u>
Net Cash Provided (Used) by Non Capital Financing Activities	<u>467,460</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets (net)	(94,556)
Capital acquisition grants - received in cash	<u>88,509</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,047)</u>
Cash Flows From Investing Activities:	
Interest on investments	<u>6,747</u>
Net Cash Provided by Investing Activities	<u>6,747</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,416)
Cash and Cash Equivalents - Beginning of Year	<u>145,528</u>
Cash and Cash Equivalents - End of Year	<u>\$ 141,112</u>
Reconciliation of Operating Income to Net Cash Provided (Used)	
by Operating Activities	
Operating Income (Loss)	\$ (617,185)
Adjustments to Reconcile Operating Income to Net Cash Provided by	
Operating Activities:	
Depreciation	153,462
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	4,785
(Increase) Decrease in Inventories	(1,187)
(Increase) Decrease in Prepaid Expenses	1,110
Increase (Decrease) in Accounts Payable	(14,072)
Increase (Decrease) in Accrued Liabilities	<u>511</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (472,576)</u>

See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Antrim Transportation Fund is an enterprise fund of Antrim County. It provides transportation services to the more than 23,000 residents of the County. The accompanying financial statements and additional information present only data for the component unit. It does not present the statements of the oversight unit which is Antrim County, Michigan whose financial statements are presented in a separate report.

The accounting policies of the Transportation fund conform to accounting principles generally accepted in the United States of America as applicable to local governmental units. Because the Transportation fund provides a service to citizens financed by a user charge and federal and state operating grants, the accounts of the Transportation fund are accounted for as an Enterprise Fund, utilizing the full accrual method of accounting.

Basis of Presentation - The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. The Transportation fund now follows the "business-type" activities reporting requirements of GASB Statement No. 34. There was no impact to the net assets of the Transportation fund in adopting GASB No. 34. No component units are required to be reported in the Transportation fund financial statements.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those amounts.

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Inventories - Inventories are recorded at cost on the first-in first-out basis (FIFO) under the consumption method. Inventories consist primarily of fuel and equipment parts.

Property and Equipment - All property and equipment are valued at historical cost. Donated assets are recorded at the fair market value at the time of the donation. Depreciation on such fixed assets is charged as an expense against the operations on a straight-line basis.

Sick and Vacation Pay - Sick and vacation pay are charged to operations when earned. Unused benefits are recorded as a current liability in the financial statements.

NOTE B - CASH AND INVESTMENTS

Deposits - The balance sheet at December 31, 2006 contained \$141,087 which was on deposit with the Antrim County Treasurer in the common bank accounts. The Transportation's cash is invested along with other County funds. The following are authorized investments and all county investments at December 31, 2006 meet these guidelines. No funds were invested in derivatives at year end.

Investments - Public Act 196 of 1997, authorized the County Treasurer to deposit and invest in the following:

- (a) bonds, securities and other obligations of the United States or its agencies



ANTRIM COUNTY TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**NOTE B - CASH AND INVESTMENTS**

- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State and have a principal office or branch office in Michigan.
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- (d) United States government or Federal agency obligation repurchase agreements
- (e) bankers' acceptance of United States banks
- (f) mutual funds composed of investments which are legal for direct investments by local units of government in Michigan and are properly registered with the State.

**NOTE C - PROPERTY AND EQUIPMENT**

Major classes of property and equipment consist of the following:

	Purchased with Capital Grants	Purchased with Local Funds	Total
Vehicles	\$ 1,208,481	\$ 6,019	\$ 1,214,500
Equipment	257,841	27,987	285,828
Buildings	297,724	76,397	374,121
Land and Improvements	15,491	-	15,491
	1,779,537	110,403	1,889,940
Less Accumulated Depreciation	(1,428,162)	(77,438)	(1,505,600)
Net Property and Equipment	<u>\$ 351,375</u>	<u>\$ 32,965</u>	<u>\$ 384,340</u>

When federal or state funded assets are withdrawn from public transportation service, the disposition of the asset is determined by Michigan Department of Transportation. There was no disposition of assets during 2006.

**NOTE D - PENSION PLANS**

Transportation Fund employees participate in the overall General County retirement plan. A description of that plan follows:

Plan Description - Antrim County participates in a defined benefit retirement plan administered by the Municipal Employee's Retirement System (MERS). The plan covers substantially all full-time employees.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

ANTRIM COUNTY TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

NOTE D - PENSION PLANS (CONTINUED)

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 447 N. Canal Road, Lansing, Michigan 48917.

All full time County employees are eligible to participate in the system. Benefits vest after ten years of service. General County employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 5-year final average compensation. The system also provides death and disability benefits which are established by State Statute.

Participating County employees are not required to contribute to the system. The County is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 1997. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 4.5% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2005 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/05)

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 6,515,598
Terminated employees not yet receiving benefits	1,306,177
Non-vested terminated employees(pending refunds of member contributions)	47,936
Current employees:	
Accumulated employee contributions including	
allocated investment income	722,827
Employer financed	13,096,041
Total Actuarial accrued liability	<u>21,688,579</u>
Net Assets Available for Benefits, at actuarial value	
(Market Value is 17,470,050)	17,942,859
Unfunded (over funded) actuarial accrued liability	<u>\$ 3,745,720</u>

ANTRIM COUNTY TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

NOTE D - PENSION PLANS (CONTINUED)

GASB 27 INFORMATION (as of 12/31/05)

Fiscal year beginning	January 1, 2007
Annual required contribution (ARC)	\$ 860,292
Amortization factor used – Underfunded liabilities (30 years)	0.053632
– Underfunded liabilities (22 years)	0.065308
– Underfunded liabilities (30 year level \$)	0.085453
– Overfunded liabilities (10 years)	0.119963

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2005 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost

Year Ended December 31,	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
2003	\$ 529,177	100%	-0-
2004	674,928	100%	-0-
2005	838,464	100%	-0-

The County was required to contribute \$830,472 for the year ended December 31, 2006. Payments were based on contribution calculations made by MERS. This amount includes all departments of the County - General, Sheriff, Medical Care and Transportation. The Transportation portion of the total was \$40,013 for 2006.

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % Of Covered Payroll
2003	\$ 15,191,227	\$ 18,789,441	\$ 3,598,214	81%	\$ 9,016,687	40%
2004	16,568,156	20,010,026	3,441,870	83%	9,054,278	38%
2005	17,942,859	21,688,579	3,745,720	83%	8,980,387	42%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997, 2000, and 2004 valuations. The funding method was changed to entry age normal for the 1993 valuation.

ANTRIM COUNTY TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006

NOTE E - POST EMPLOYMENT HEALTH CARE BENEFITS

No transportation employees are eligible for post employment health care benefits.

NOTE F - RISK MANAGEMENT/INSURANCE PROGRAMS

The Antrim County Transportation fund is a member of the Michigan Transit Pool. Coverage is limited to book value or cost of repairs, whichever is less. Book value is established annually on a report sent to the Transit Pool. There is a \$2,000 deductible per occurrence. Coverage is limited to \$4,000,000 per occurrence for liability.

Antrim County participates in the Michigan Municipal Risk Management Authority for general liability and property damage coverage. The County makes annual contributions based on actuarial studies using historical data and insurance industry statistics. The transportation fund building is covered through this plan.

The County is a member of the Michigan Counties Workers' Compensation Fund. Full statutory coverage for worker's disability compensation and employer's liability is guaranteed by the Fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611.

## **SUPPLEMENTARY INFORMATION**

ANTRIM COUNTY TRANSPORTATION  
OPERATING REVENUES  
YEAR ENDED DECEMBER 31, 2006

SCHEDULE 1

Operating Revenues

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
Demand-response (fares revenue)	\$ 135,070	\$ 62,707	\$ 197,777
Maintenance fees - outside agencies	12,935	4,656	17,591
Fuel sales to outside agencies	<u>91,450</u>	<u>28,266</u>	<u>119,716</u>
 Total Operating Revenues	 <u>\$ 239,455</u>	 <u>\$ 95,629</u>	 <u>\$ 335,084</u>

ANTRIM COUNTY TRANSPORTATION  
OPERATING EXPENSES  
YEAR ENDED DECEMBER 31, 2006

SCHEDULE 2

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
Labor				
Operator's salaries and wages	\$ 148,018	\$ -	\$ -	\$ 148,018
Other salaries and wages	-	49,876	78,612	128,488
Dispatchers	55,633	-	-	55,633
Fringe Benefits	115,475	28,257	44,645	188,377
Services				
Other services	4,758	829	4,732	10,319
Building maintenance	-	3,878	-	3,878
Materials and Supplies Consumed				
Fuel and lubricants	175,444	-	-	175,444
Other materials and supplies	3,070	49,639	584	53,293
Utilities	14,261	2,026	2,080	18,367
Casualty and Liability Costs				
Premiums for public liability and property damage insurance	15,661	-		15,661
Miscellaneous Expenses				
Travel/convention	-	-	1,329	1,329
Depreciation	<u>139,518</u>	<u>7,886</u>	<u>6,058</u>	<u>153,462</u>
Total Expenses	<u>\$ 671,838</u>	<u>\$ 142,391</u>	<u>\$ 138,040</u>	<u>\$ 952,269</u>

ANTRIM COUNTY TRANSPORTATION  
NONOPERATING REVENUES  
YEAR ENDED DECEMBER 31, 2006

SCHEDULE 3

Local Operating Grants

Antrim County Appropriation	\$	<u>96,000</u>
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Subtotal Local Operating Grants		<u>96,000</u>
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State of Michigan Operating Grants

Formula Operating Assistance		262,111
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RTAP Revenue/Expense Reimbursement Grants		<u>851</u>
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Subtotal State of Michigan Operating Grants		<u>262,962</u>
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Federal Operating Grants

U.S. DOT Operating Grant - Section 5311		<u>112,342</u>
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Capital Equipment Grants

Federal		72,577
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State		<u>15,932</u>
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Subtotal Capital Equipment Grants		<u>88,509</u>
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Interest Income

		<u>6,747</u>
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Total Nonoperating Revenues	\$	<u>566,560</u>
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ANTRIM COUNTY TRANSPORTATION  
LOCAL OPERATING REVENUES  
YEAR ENDED DECEMBER 31, 2006

SCHEDULE 4

Local Operating Grants

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
Antrim County Appropriation	<u>\$ 96,000</u>	<u>\$ -</u>	<u>\$ 96,000</u>

ANTRIM COUNTY TRANSPORTATION  
CAPITAL CONTRACTS/CONTRIBUTIONS  
YEAR ENDED DECEMBER 31, 2006

SCHEDULE 5

Grantor: Michigan Department of Transportation

<u>Contract #</u>	<u>Grant Amount</u>	<u>Previous Amount Earned</u>	<u>Amount Earned 2005</u>	<u>Amount Remaining</u>
2002-0008Z4	106,427	85,055	21,285	87
2002-0008Z8	58,000	-	55,746	2,254
2002-0008Z11	17,400	-	11,478	5,922
2002-0008Z14	<u>152,364</u>	<u>-</u>	<u>-</u>	<u>152,364</u>
	<u>\$ 334,191</u>	<u>\$ 85,055</u>	<u>\$ 88,509</u>	<u>\$ 160,627</u>

The Federal portion of amount earned in 2006 was \$72,577 and the State portion was \$15,932

ANTRIM COUNTY TRANSPORTATION  
EXPENSES BY CONTRACT AND GENERAL OPERATIONS  
YEAR ENDED DECEMBER 31, 2006

SCHEDULE 6

	Expense Reimbursement RTAP Grants	2006 Operations	Total
Labor	\$ -	\$ 332,139	\$ 332,139
Fringe benefits	-	188,377	188,377
Services	-	10,319	10,319
Building maintenance	-	3,878	3,878
Materials and supplies	-	228,737	228,737
Utilities	-	18,367	18,367
Casualty and liability insurance costs	-	15,661	15,661
Miscellaneous	851	478	1,329
Depreciation	-	153,462	153,462
	<hr/>	<hr/>	<hr/>
Total	851	951,418	952,269
Less			
Ineligible Expenses	<hr/> (851)	<hr/> (281,091)	<hr/> (281,942)
Total Eligible Expenses	<hr/> \$ -	<hr/> \$ 670,327	<hr/> \$ 670,327

ANTRIM COUNTY TRANSPORTATION  
NET ELIGIBLE COSTS COMPUTATIONS OF GENERAL OPERATIONS  
YEAR ENDED DECEMBER 31, 2006

SCHEDULE 7

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
	<u>Federal</u>	<u>Federal</u>	<u>01/01/06</u>
	<u>Section 5311</u>	<u>Section 5311</u>	<u>12/31/06</u>
Expenses			
Labor	\$ 249,681	\$ 82,458	\$ 332,139
Fringe benefits	142,602	45,775	188,377
Services	7,028	3,291	10,319
Building maintenance	3,188	690	3,878
Materials and supplies	178,277	50,460	228,737
Utilities	14,494	3,873	18,367
Casualty and liability costs	11,746	3,915	15,661
Miscellaneous	1,154	175	1,329
Depreciation	<u>115,096</u>	<u>38,366</u>	<u>153,462</u>
 Total Expenses	 723,266	 229,003	 952,269
Less Ineligible Expenses			
Depreciation	(113,324)	(37,775)	(151,099)
County maintenance costs	(12,935)	(4,656)	(17,591)
Audit fee	(2,093)	(697)	(2,790)
Other - RTAP reimbursements	(851)	-	(851)
Fuel cost - sold to outside agencies	<u>(85,076)</u>	<u>(24,536)</u>	<u>(109,612)</u>
 Total Ineligible Expenses	 <u>(214,279)</u>	 <u>(67,664)</u>	 <u>(281,943)</u>
 Net Eligible Expenses	 <u>\$ 508,987</u>	 <u>\$ 161,339</u>	 <u>\$ 670,326</u>
 Maximum Section 5311 Reimbursement (17.0% for 1-1-06 to 9-30-06)			<u>\$ 86,528</u>
Maximum Section 5311 Reimbursement (16.0% for 10-1-06 to 12-31-06)			<u>\$ 25,814</u>
Maximum Section 5311			<u>\$ 112,342</u>
Limited by contract to ( 114 for 05/06)			<u>\$ 112,342</u>

Federal Section 5311 expenses are only those expenses incurred in providing service to nonurbanized areas.

ANTRIM COUNTY TRANSPORTATION  
DETAIL OF INELIGIBLE EXPENSES  
YEAR ENDED DECEMBER 31, 2006

SCHEDULE 8

Depreciation

Depreciation accrued by public operators is ineligible according to Section 5311 Requirements. \$2,363 of depreciation for locally funded equipment purchases is considered an eligible expense. The ineligible depreciation amount was \$151,099.

County Maintenance

The amount disallowed for Federal Section 5311 Funding represents work performed on County vehicles for which reimbursement was received from the County of Antrim.

Other - RTAP Reimbursements

This amount represents expense reimbursements received during the year. In 2006 reimbursement was received as follows:

Training/seminar/travel expenses	\$ <u>851</u>
	\$ <u><u>851</u></u>

Audit Expense

Total federal funding for Antrim County for calendar year 2006 exceeded \$500,000 so a single audit was required. The audit expenses are an ineligible expense because the Transportation Fund Federal revenues did not exceed \$500,000.

Regional ridership Settlement

During 2004 and early 2005 the County was negotiating a settlement with Charlevoix County relative to expenses related to a regional ridership agreement from prior years. An agreement was reached and the amount recorded as a payable at December 31, 2004 was \$16,086. That amount was not paid during 2005 nor 2006 and is still recorded as an account payable at December 31, 2006. The expense was not included as an eligible expense for 2004, 2005, nor 2006.

Fuel Sold to Outside Agencies

The entity has a cost allocation plan approved by MDOT which allows for a profit on fuel sold to other agencies to cover the overhead and administration of these sales. In 2006, the cost of fuel sold was calculated and shown as an ineligible cost. The amount was \$109,612 for 2006.



**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE: (989) 786-4032  
FAX: (989) 786-4032

June 4, 2007

Board of Commissioners  
Antrim County  
Bellaire, Michigan 49615

As required by the Michigan Department of Transportation, schedules of mileage, vehicle hours and number of passengers transported for the twelve months ended December 31, 2006, follows. This supplemental information was not audited by me and accordingly, I do not express an opinion on it. However, I have reviewed the compilation methods for mileage and passenger data and found them reliable.

Respectfully submitted,

THOMAS R. ZICK CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

ANTRIM COUNTY TRANSPORTATION  
MILEAGE DATA, VEHICLE HOURS AND PASSENGERS  
DECEMBER 31, 2006

SCHEDULES 9 AND 10

	Public Transportation Mileage	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapper Passengers	Days Operated
DEMAND-RESPONSE						
1st Quarter	72,992	2,403	10,284	1,206	3,625	64
2nd Quarter	70,259	2,701	7,407	1,098	3,528	70
3rd Quarter	62,759	2,495	5,180	1,145	3,427	66
4th Quarter	<u>81,804</u>	<u>3,296</u>	<u>9,806</u>	<u>1,049</u>	<u>3,347</u>	<u>62</u>
	<u>287,814</u>	<u>10,895</u>	<u>32,677</u>	<u>4,498</u>	<u>13,927</u>	<u>262</u>

See Auditor's Disclaimer on Preceding Page.